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ABSTRACT

The Preparing for Profit (PREP) entrepreneurial training seminar at LaGuardia Community College/CUNY was designed to assist minority and women business owners attain certification by public agencies and win government contracts. In summer 1993, a study was conducted of the effects of the PREP program on the businesses of a random sample of 51 of the 270 participants from 1991 and 1992. Results of the study, based on a 74.5% (n=38) response rate to telephone contacts, included the following: (1) 28.9% of participants reported that they had applied for or received certification as minority or woman-owned businesses since taking part in PREP; (2) almost 60% more respondents bid on government contracts after PREP and more than twice as many attended pre-bid conferences; (3) respondents reported receiving 18 contracts totaling \$646,200 from public agencies, with a median contract award of \$19,000; (4) 65.8% of respondents reported that they had changed their marketing approach as a result of information received in PREP; (5) over 40% of those who purchased some type of computer equipment reported that information they learned in the PREP course was helpful in making their decisions; and (6) two-thirds of the participants who reported taking another training course besides PREP reported that the PREP course was superior, while the remaining third reported that the quality was the same or could not be compared. The survey instrument is included. (MAB)

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Follow-Up Survey of Graduates of Preparing for Profit (PREP)

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EXECUTIVE SUMMARY

Established as a pilot project in 1991, Preparing for Profit (PREP) is an entrepreneurial training seminar offered by LaGuardia Community College/CUNY, the Metropolitan Transportation Authority, Coopers & Lybrand and the New York State Department of Economic Development. Initial funding for PREP was also provided by the New York State Urban Development Corporation and the New York State Education Department. The seminar is designed to teach minority and women-owned business owners to become certified as such by public agencies and, ultimately, to learn how to win government contracts.

An integral part of this pilot project was to provide a formal evaluation of program outcomes. In order to accomplish this, a random sample of 51 of the 270 participants in the program in 1991 and 1992 were chosen for follow-up interviews during the Summer of 1993. The study, therefore, measured the effects of PREP on participants' businesses over time.

Thirty eight of the fifty one participants who were randomly selected were reached by phone. This represents a response rate of 74.5%. Before and after comparisons of respondents' business activities were performed:

- Over a quarter of respondents (28.9%) reported they applied for or received certification as minority or woman-owned businesses since taking part in PREP.
- Over one and a half times more respondents received a government contract after PREP participation.
- Since PREP, respondents have received 18 contracts totaling \$646,200 from public agencies. The median contract award was \$19,000.
- More than twice as many respondents now attend pre-bid conferences.

- Thirty percent more respondents wrote proposals to receive government contracts after PREP.
- Almost 60% more respondents bid on government contracts after PREP.
- Over 60% more respondents made presentations to government agencies after PREP.
- Almost two thirds of respondents (65.8%) reported they have changed their marketing approach as a result of the information they received in PREP.
- Twenty percent more respondents prepare income statements after taking the PREP course.
- Twenty percent more respondents prepare balance sheets after exposure to the PREP course.
- Over 40% of those who purchased some type of computer equipment reported that information they learned in the PREP course was beneficial to helping them make their purchasing decisions.
- Of those who took another course, two thirds reported the quality of the PREP course was superior to the other course, while one third reported the quality was the same or could not be compared. No respondents reported another course to be better than PREP.
- With respect to cost, almost 90% of those who participated in another course responded that PREP was the same or a better value in comparison to the other course.

The methodology used in conducting the study is an efficient means of ensuring that the participants sampled are representative of the population that took the course.

Participants reported information and practices learned in PREP contribute to their business management and continued development particularly in the areas of marketing, finance, and contracting activities.

BACKGROUND

Established as a pilot project in 1991, Preparing for Profit (PREP) is an entrepreneurial training seminar offered by LaGuardia Community College/CUNY, the Metropolitan Transportation Authority, Coopers & Lybrand and the New York State Department of Economic Development. Initial funding for PREP was also provided by the New York State Urban Development Corporation and the New York State Education Department. The seminar is designed to teach minority and women-owned business owners to become certified as such by public agencies and, ultimately, to learn how to win government contracts. This report summarizes the results of a telephone survey of a sample of 38 participants who completed PREP in 1991 and 1992.

METHOD

Sample

A random sample of 51 of the 270 participants in the PREP program between 1991 and 1992 was selected using the Statistical Package for the Social Sciences (SPSS). Thirty eight of the 51 participants were successfully reached by telephone. This represents a response rate of 74.5%. This response rate is more than twice as high as that which was received in an earlier mail survey of all 1991 program participants (Blumstein, 1992). Reasons for this phenomenon can be attributed to the nature of the contact. Mail surveys require the subject to actively respond by mailing in the questionnaire, while phone surveys require interviewers to be the active party.

The demographics of the sample is presented in Figures 1 and 2. Figure 3 displays the distribution of businesses by part-time/full-time status. One interesting finding is half

of those who reported not being in business when they took the PREP course are currently operating a business full-time.

Figure 4 exhibits the income distribution of the businesses sampled. Forty percent of businesses surveyed had gross incomes of over \$100,000 for the year ending December 31, 1992.

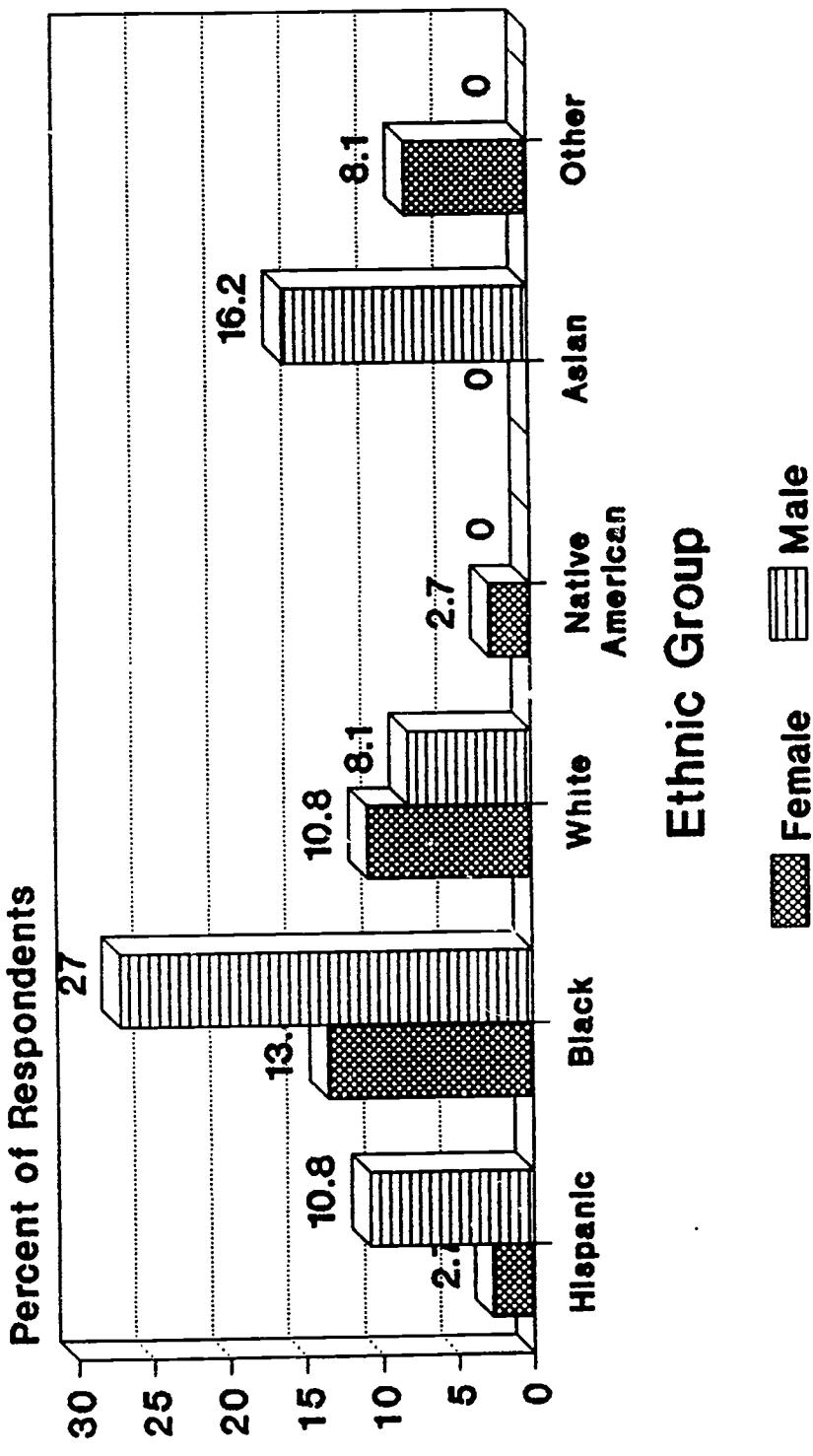
Instruments

The Follow-Up Survey of Preparing for Profit Participants was developed by modifying the mail survey which was used in the 1992 evaluation. Collaboration between LaGuardia Community College/CUNY, the MTA and Informed Decision Services, Inc. resulted in the revised survey instrument which is contained in Appendix 1. All questions are focused on the objectives of the program. The survey was divided into seven general areas which included government agency certification, contracting, marketing, financial management, other course participation, computer equipment, and general business information.

Procedure

Telephone interviews with the 51 selected participants began in July 1993. In order to reach all respondents, attempts were made to reach selected participants at home in the evening, and at work in the early mornings. Since participants are business owners, it was felt this was the best time to reach them. Each attempted contact was recorded to help identify the best time to reach the subject. When a subject could not be reached at the

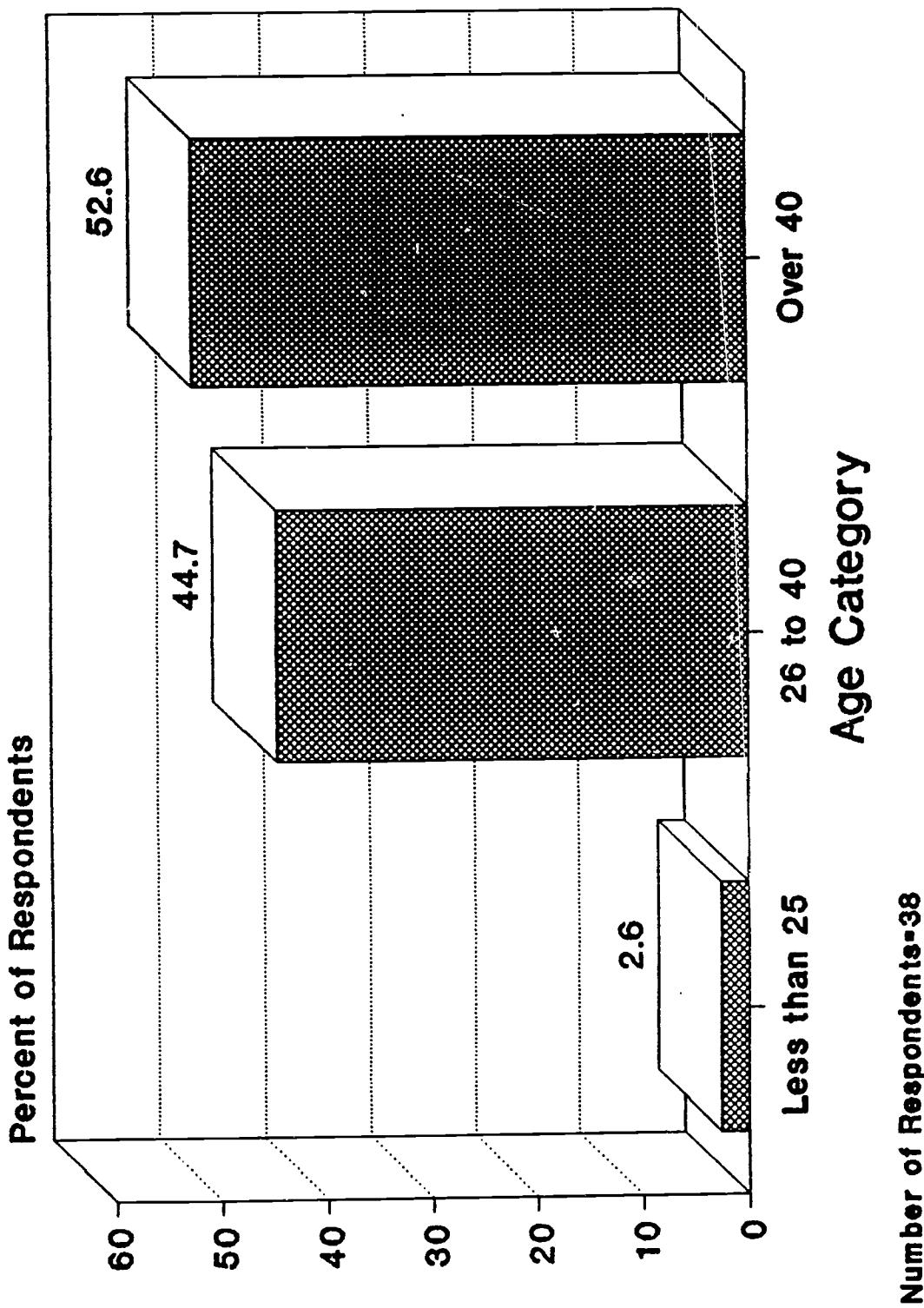
Sample of PREP Participants By Demographic Group



Number of Respondents=37
Number of Non-Respondents=1

Figure 2

Age Distribution of Sample

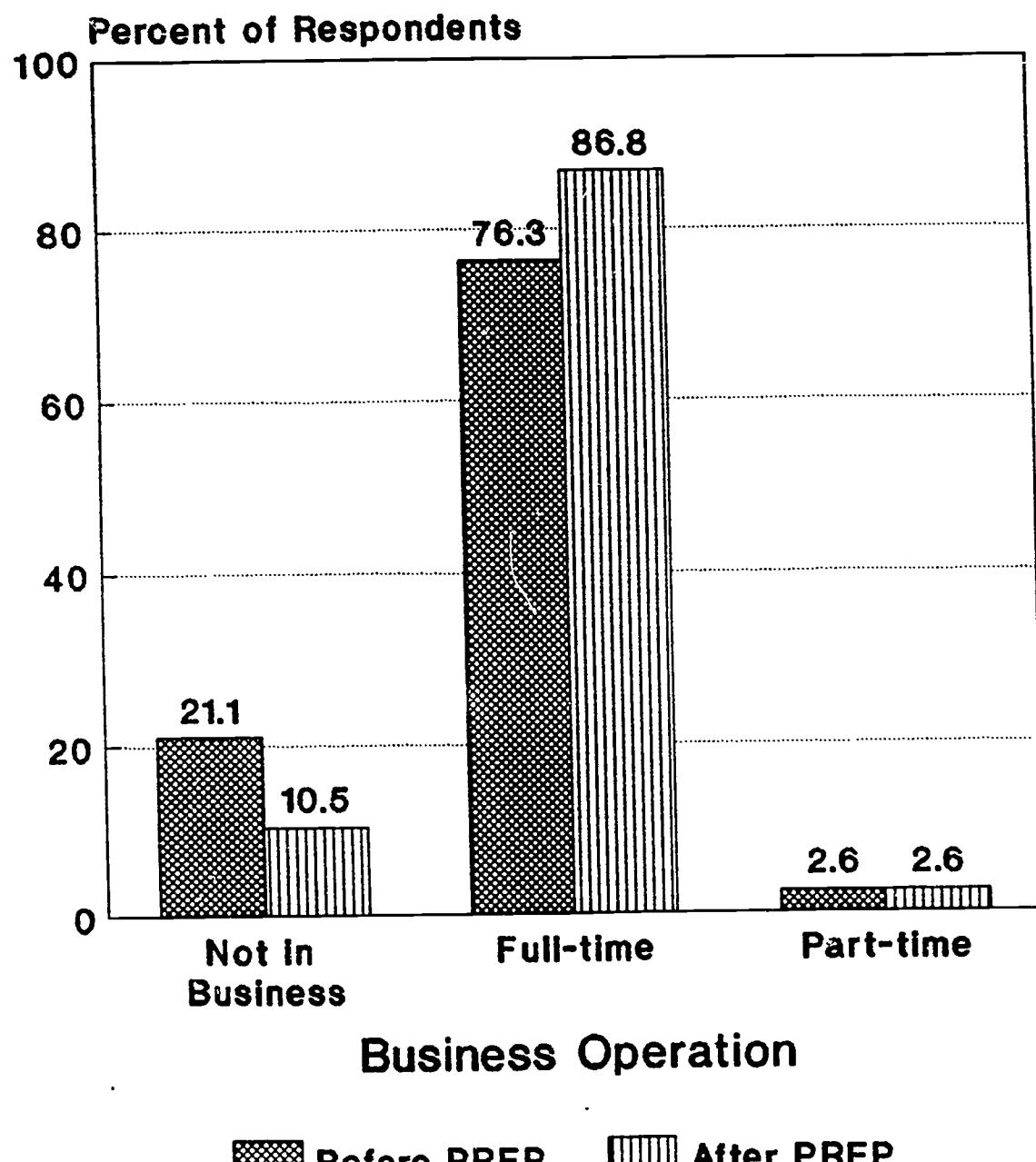


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Figure 3

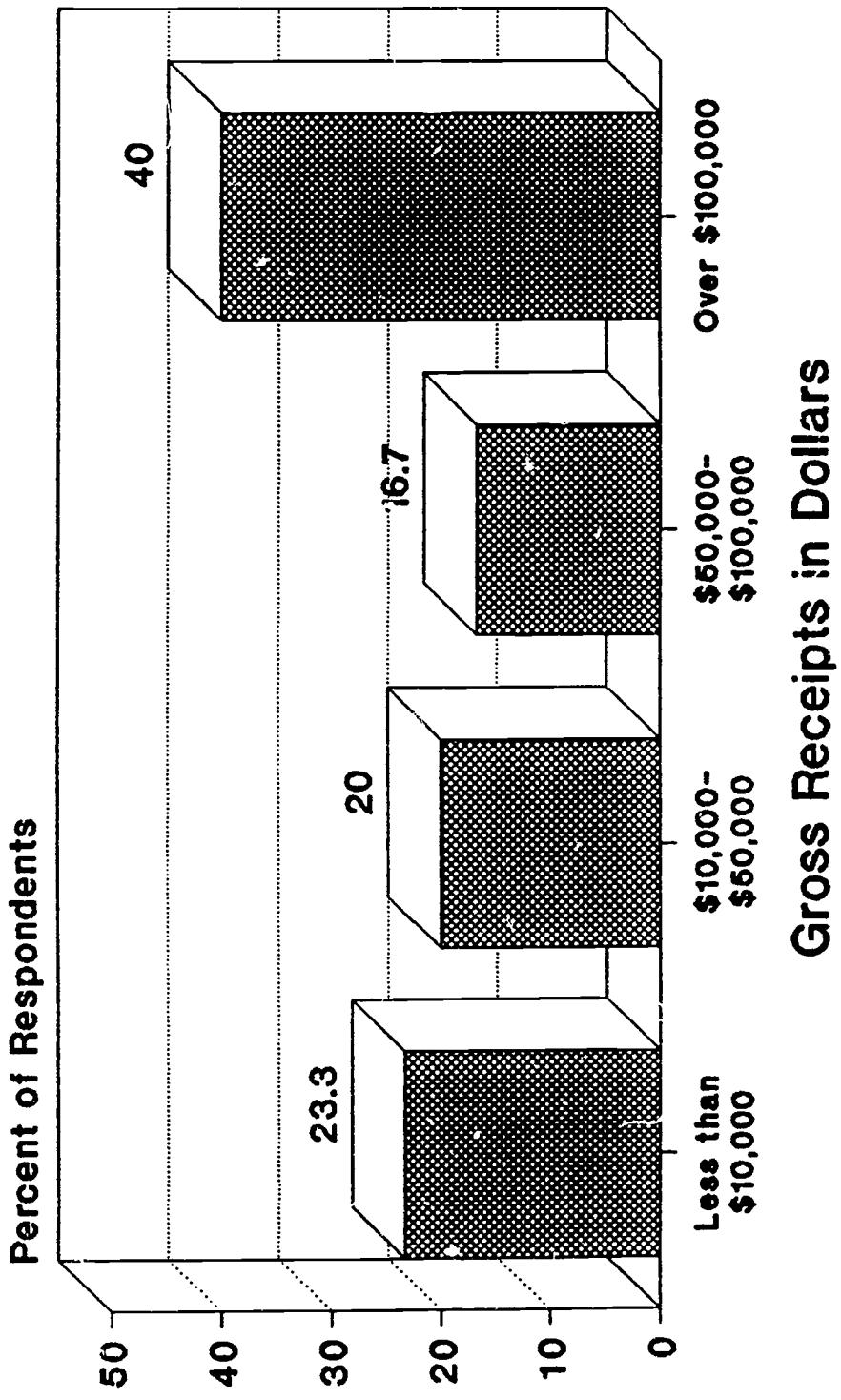
Operating Business Status



Number of Respondents=38

Figure 4

Gross Receipts Of Businesses as of 12/31/92



Number of Respondents=30
Number of Non-Respondents=8

number given, other methods were used to contact the subject including checking PREP files and using directory assistance. On the average, it took four attempts before a successful contact was made wit'i the intended party.

RESULTS

General Business Information

Type of Business Operation

Before PREP participation, 29 respondents operated businesses full-time (76.3%), one operated a business part-time (2.6%), and eight respondents (21.1%) did not operate businesses at all. In the time since PREP participation, this distribution has shifted somewhat. For example, of the eight participants who operated businesses part-time, four (50%) currently work full-time on their businesses. The only part-time owner remains a part-time owner. Only one full-time business owner has relinquished her business.

Of the respondents who currently own a business, the overwhelming majority own service businesses (58.8%). Computer equipment, construction, and manufacturing are other types of businesses owned by respondents.

Nature of Employees

The median number of full-time employees of represented businesses was one, while the median number of part-time employees was zero. From this data it appears a large number of business owners are sole-proprietors. Eight business owners surveyed, however currently employ at least five full-time workers. Another trend in the data reveals the use of consultants and temporary workers by small businesses which may not be able to afford

to hire permanent employees. These businesses do, however, hire staff when the demands of a project are too great for the permanent staff.

Of the 21 business owners (55%) who reported they had any full-time employees, only one has increased the number of full-time employees since course participation (4.8%), while seven have decreased their full-time workforces (33%). Of the nine business owners who had at least one part-time employee at the time they participated in PREP, four (44.4%) have increased their part-time staff, while only one business has diminished its part-time staff.

Office Space

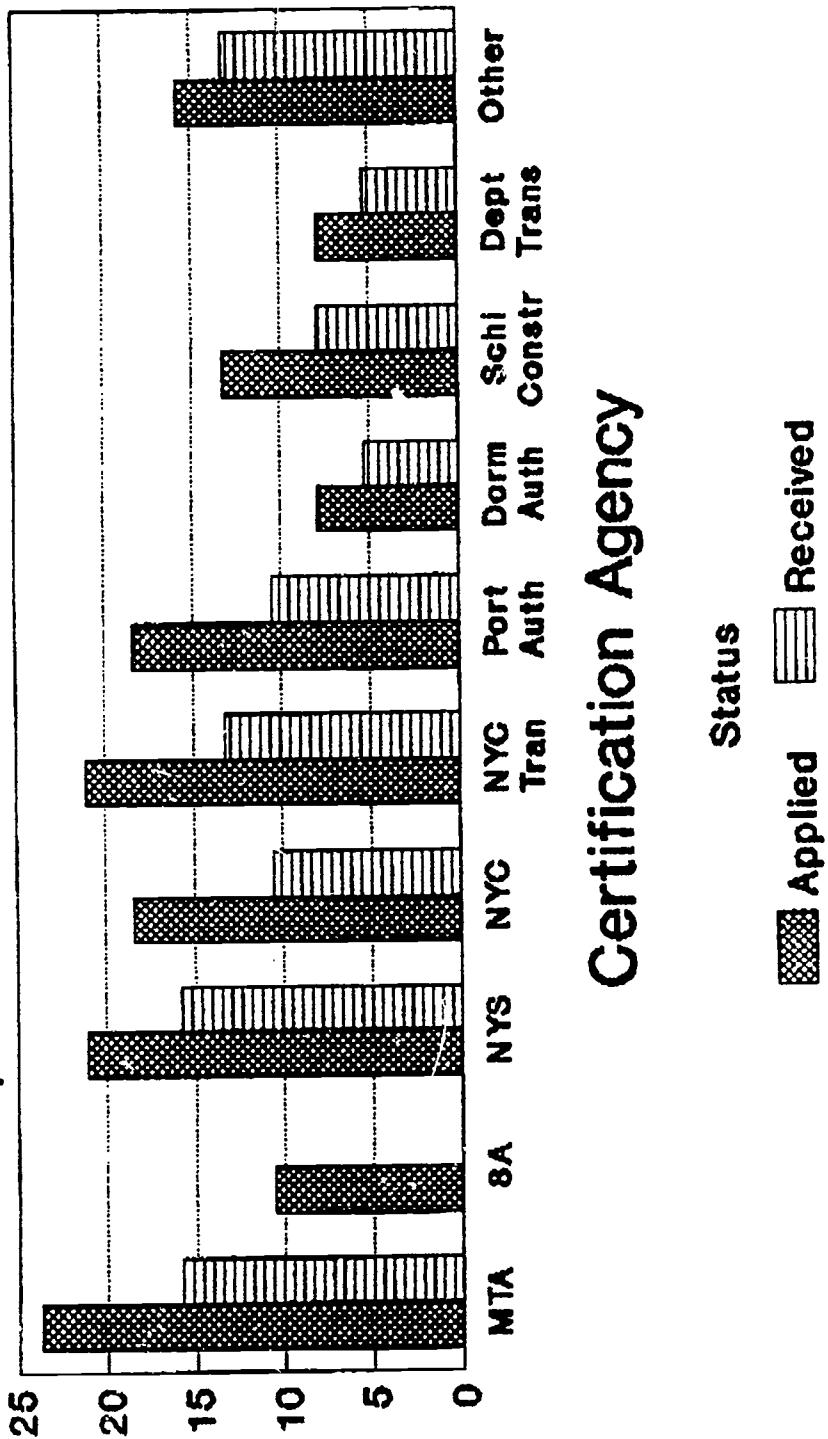
The median amount of space used by business owners to operate their businesses at the time they took the PREP course was 400 square feet. Office space ranged from 100 to 8,000 square feet. Currently, the median space allocated to respondents' businesses is 500 square feet. These business operations range from 100 to 25,000 square feet. Over one quarter of PREP participants surveyed (26.3%) increased their office space since completing the PREP course.

Government Agency Minority Certification and Contracting

Over a quarter of respondents (28.9%) reported they have applied for or received certification as minority or woman-owned businesses since taking part in PREP. Figure 5 lists the frequency of application and receipt of certification by contracting agency. The agencies from which the largest proportion of respondents have received certification are the Metropolitan Transportation Authority, New York State, and the New York City Transit

Certification Status of Sampled Participants

Percent of Respondents



Number of Respondents=38

Authority. Organizations mentioned in the "Other" category include the U.S. General Services Administration and Amtrak.

Of those who did not apply for certification with a government agency, 37.5% reported that they were not ready to apply, 29% decided as a result of PREP that it did not make business sense to apply, 29.2% gave other reasons, and one respondent reported he learned during PREP his company was not eligible for certification. Reasons for the delay in applications include the many demands placed upon respondents in operating their businesses.

Participation in Contracting Activities

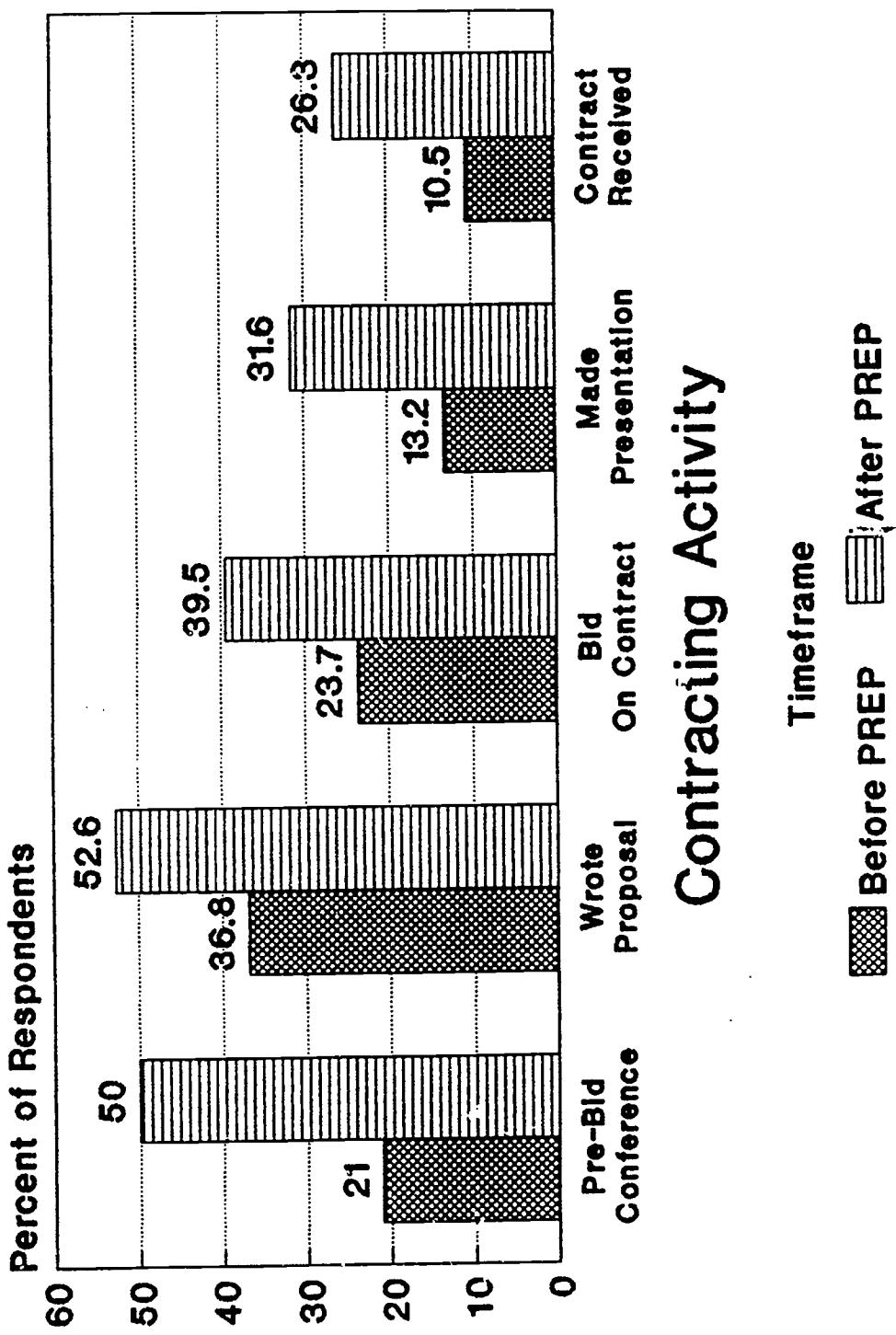
Participants were asked to indicate the number of times they had engaged in each of five contracting activities both before and after PREP participation. The five activities were attending pre-bid conferences, writing proposals, bidding on contracts, making presentations, and receiving contracts. Figure 6 presents these results.

A dramatic increase was observed when comparing respondents' participation in contracting activities before and after taking part in PREP. For example, after PREP:

- More than twice as many respondents attended pre-bid conferences.
- Thirty percent more respondents wrote proposals to receive government contracts.
- Almost 60% more respondents bid on contracts.
- Over 60% more respondents made presentations to government agencies as a prelude to contract awards.
- Over one and a half times more respondents received government contracts.
- Since PREP participation, in total, respondents have received 18 contracts totaling

Figure 6

Participation in Contracting Activities



Number of Respondents=38

\$646,200 from public agencies. The median contract award was \$19,000.

Marketing

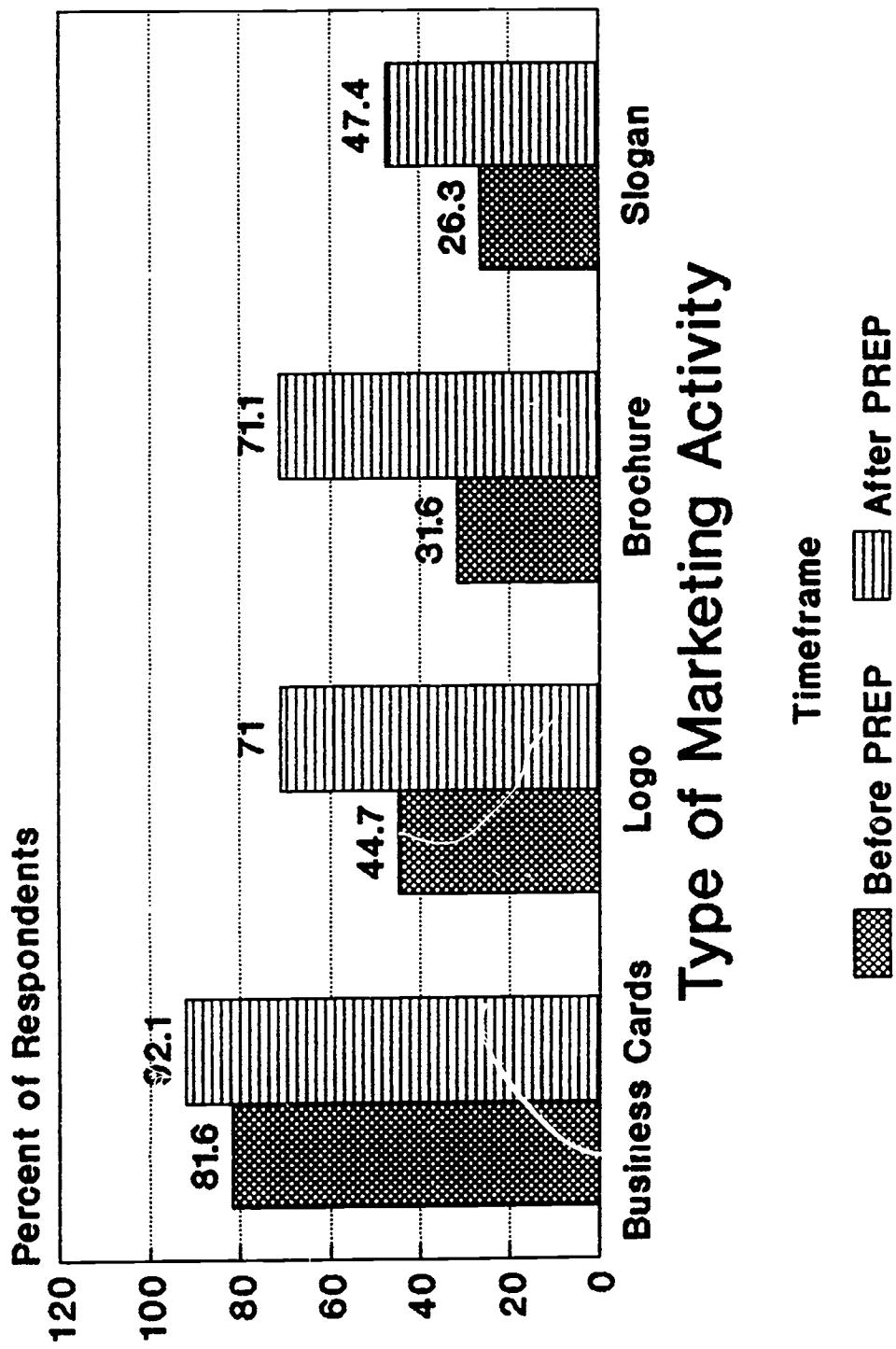
Respondents were asked to indicate whether they used each of the following four types of marketing tools for their businesses both before and after taking part in PREP: business cards, logos, brochures and slogans. Almost two thirds of respondents (65.8%) reported they have changed their marketing approach as a result of the information they received in PREP. Some of the most common changes included: being more focused, revising marketing image, being more aggressive in networking, and perhaps most importantly being more successful in reaching their target customers. Respondents reported that they were doing more to get recognition for their businesses including attending trade shows, undertaking direct mail campaigns, writing newsletters, and using new corporate identities.

Figure 7 presents the findings with respect to these four marketing techniques. Marked increases in the use of these four marketing tools were observed.

- The largest change in marketing strategy was observed with respect to the use of brochures. While only 31.2% of respondents reported using a brochure for business marketing before program participation, 71.1% currently use brochures.
- Over 40% more respondents reported that currently use business slogans.
- Thirty seven percent more respondents currently use a logo in marketing their businesses.

Figure 7

Use of Marketing Techniques



Number of Respondents=38

Finances

Figure 8 presents the results of questions pertaining to financial activities performed by respondents before and after PREP. In summary:

- Twenty percent more respondents prepared income statements since participating in PREP.

Twenty percent more respondents prepared balance sheets since participating in the program.

Almost 60% of respondents indicated the preparation of income statements and balance sheets help them control their businesses by managing cash flow, making budget projections, learning how to work within a budget, helping to acquire credit sources and determining whether their businesses are meeting their goals.

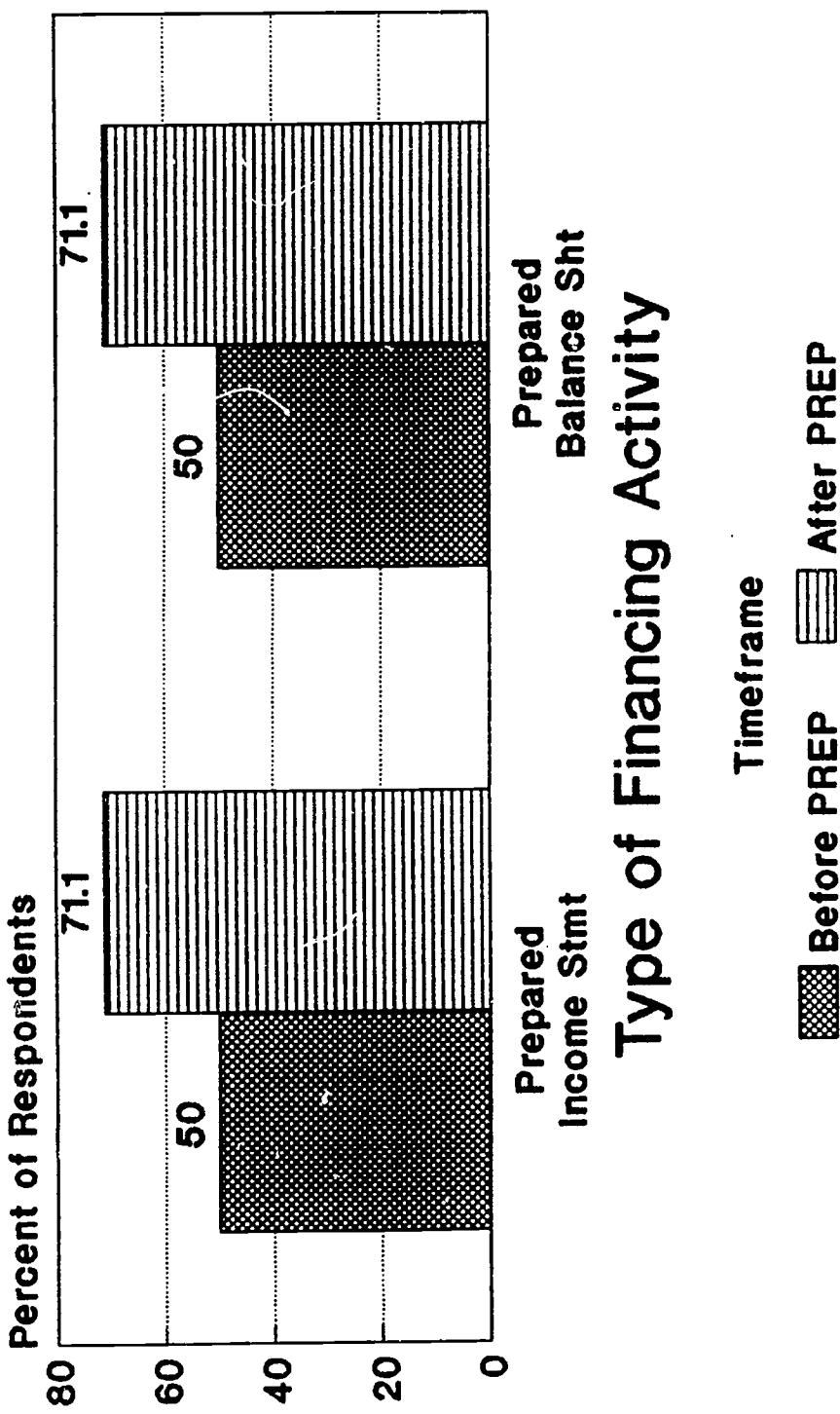
Seven respondents (18.4%) reported they have applied for business loans. Three received loans after their participation in PREP. Two of the three reported the information they learned in PREP was instrumental in helping them get the loan. The median amount of loans received by respondents was \$30,000.

Computer Equipment

Over half of the respondents (57.9%) reported they purchased computer hardware or software since taking the PREP course. Of these, 63.6% purchased a personal computer, 13.6% purchased a laser printer, 13.6% upgraded the systems they already had and 9% purchased computer software. Over 40% of those who purchased some type of computer equipment reported that information they learned in the PREP course was beneficial to helping them make their purchasing decisions.

Use of Financial Management Techniques

Figure 8



Number of Respondents=38

27

26

Other Course Participation

Almost 50% of respondents reported taking part in another training course before PREP, while only 3% took another class since PREP. Other courses mentioned by respondents include those offered by local colleges (Baruch, Queens), public agencies (Small Business Administration, American Women's Economic Development Corporation, U.S. Department of Commerce, Brooklyn Union Gas, Internal Revenue Service), and private companies such as AT&T.

Of those who took another course, two thirds reported the quality of the PREP course was superior to the other course, while one third reported the quality was the same or could not be compared. No respondents reported another course to be better than PREP. With respect to cost, almost 90% of those who participated in another course responded that PREP was the same or a better value in comparison to the other course.

Comments by Respondents

When asked in an open-ended fashion to give the interviewer any additional information about PREP, many interesting comments were elicited. The overwhelming majority of comments were favorable. Some positive suggestions included making PREP a full-fledged college course and making videotapes of the sessions for those not able to attend all four workshops. Wide satisfaction with the instructors and course material was also noted by respondents.

Most of the negative comments received were usually qualified by the respondent. For example, one respondent stated he did not benefit from the program but admits he may

not have been prepared. Another graduate felt the course was good except for the computer topics. One White male stated that he felt some hostility at the beginning of the course but later people warmed up to him.

Course Material

Two respondents mentioned they frequently refer to the manual they received in the PREP course. The information about business plans and the importance of goals, effective communications, selling techniques continue to be useful.

Marketing

Several respondents stated PREP helped improve the marketing of their businesses. One graduate said "PREP has sharpened my professionalism. I work on my image, even at the supermarket". Others stated they have upgraded their marketing plans and materials, received more positive responses to solicitations, and made important contacts as a result of PREP. Some said they now know where to get jobs and win bids.

Financing

Suggestions offered by respondents for revising the course include having more information about loan financing. One respondent suggested the course might present more information about alternative sources of financing.

Certification and Contracting

Knowing more about contracting by getting the names of the right people in state and city agencies was mentioned by one respondent as being very helpful. Another respondent said that he didn't think it would be so hard to get certified. Still another mentioned that even though she has been certified she has yet to receive one contract. She suggests that

institutional commitment to buying services from minority and women-owned businesses by city, state and federal agencies is essential.

SUMMARY AND CONCLUSIONS

The current study measured the effects of the PREP program on its participants' businesses over time. The methodology used in conducting the study is an efficient means of ensuring that the participants sampled are representative of the population that took the course.

Participants reported information and practices learned in PREP contribute to their business management and continued development particularly in the areas of marketing, finance, and contracting activities.

AppendixFOLLOW-UP SURVEY OF PREPARING FOR PROFIT PARTICIPANTSInstructions

The label which appears below contains the name, address, phone number and title of the program participant we would like to interview. Please use the table on the next page to record your attempts to reach this person. Each call should be recorded even if you are not able to talk with the person. If you are not able to reach the person on the first try, please be sure to inform the person you do speak with (secretary, receptionist, partner, spouse) about the nature of the call, but attempt to probe for the best day and time to reach the person you are seeking. In all likelihood, this person will not call you back. You need to be persistent and keep calling!

Introduction

Good afternoon. My name is _____ and I'm calling about the PREPARING for PROFIT course (name of participant) took within the last two years. In order to continue in efforts to provide low-cost, comprehensive training to minority and women-owned businesses, Informed Decision Services will be conducting a survey of PREP graduates. It will take only about five minutes.

(When you reach the participant, ask): Is now a good time? If Yes, proceed with interview. If No, ask "when would be a better time?". Record that time on the attached sheet and call again then.

An understanding of your business and how it has been affected by your participation in PREP will have a significant impact on our planning for the future. As a token of our appreciation for your assistance with this interview, we will send you a copy of a summary report of the results. Please be assured that your answers to these questions will be held in confidence to ensure complete anonymity.

First, go over name, title, name of company, address and phone number which appears on the label. Please update any differing information to the right of the label.

Record of Contact Attempts

Government Certification

Since the PREP course is concerned with helping small disadvantaged businesses obtain government certification, I'd like to ask you a few questions about that.

Have you applied for or received certification as a minority or woman-owned business from any agency since your participation in the PREP program?

 No Yes

(If they answer "YES", ask): Which agencies have you applied or received certification from? (If they're not sure list the following agencies one at a time to elicit responses).

| Applied For | Received |
|---|----------|
| Metropolitan Transportation Authority | |
| U.S. SBA 8(a) Program | |
| New York State Governor's Office of Minority and Women's Business Development | |
| NYC Department of Business Services Division of Economic and Financial Opportunity | |
| NYC Transit Authority | |
| Port Authority of New York and New Jersey | |
| Dormitory Authority of the State of New York | |
| NYC School Construction Authority | |
| New York State Department of Transportation | |
| Other (please specify) | |

(If they answered NO above, ask:) If you have not applied for any government certification, what is the reason?
 (Check all that apply)

- Learned during PREP that I was not eligible for certification.
- Decided as a result of PREP that it did not make business sense for me to apply.
- Not ready to apply
- Other (please specify) _____

GOVERNMENT CONTRACTING

Another big part of the PREP program was concerned with helping your business obtain government contracts. I'm going to ask about several activities associated with government contracting, for each one please let me know whether you have engaged in that activity before and/or after your participation in PREP.

| | Before PREP | After PREP |
|--------------------------------|-------------|------------|
| Attended a pre-bid conference | | |
| Wrote a proposal | | |
| Bid on a government contract | | |
| Made a presentation | | |
| Received a government contract | | |

(If participant has received a contract since PREP participation, ask: "Can you tell me the agencies from which you've received contracts and corresponding dollar amounts?)

| Agency | Dollar Amounts |
|--------|----------------|
| | |
| | |
| | |
| | |
| | |

MARKETING

Information about marketing your company was provided by PREP. I'm going to ask several questions about different marketing tools which were discussed during the PREP course, please let me know for each one whether you used the tools both before and after your participation in PREP.

| | Before PREP | After PREP |
|-------------------------|-------------|------------|
| a) Business Cards | | |
| b) A Company Logo | | |
| c) A Marketing Brochure | | |
| d) A Company Slogan | | |

Has your marketing approach to your potential customers changed as a result of the PREP program?

No Yes

If yes, in what way(s)

Do you use these marketing tools to help manage your business on a regular basis?

No Yes

If yes, how are they used?

Financial Management

Another aspect of the PREP program focused on using different types of financial management tools. For each of the management tools that I mention, please tell me whether you have used and/or currently use them in your business and how often they are prepared.

| Type of Statement | Before PREP | After PREP | Times prepared per year |
|-------------------|-------------|------------|-------------------------|
| Balance sheet | | | |
| Income statement | | | |

(If participant responds that they have prepared one or both of these) ASK:
Do you use these statements to help manage your company on a regular basis?

 No Yes

If yes, ASK: How do these help you in your business?

Have you ever applied for a business loan? No Yes

If YES, how many loans did you apply for before PREP? _____

If YES, how many loans did you receive before PREP? _____

(TRY TO GET TOTAL DOLLAR AMOUNT) _____

If YES, how many loans did you apply for after PREP? _____

If YES, how many loans did you receive for after PREP? _____

If they indicated they received any loans after their PREP participation, Ask:
Please indicate from whom you have received the loans and the amount of the loans.

Did your participation in PREP contribute to your getting the business loans?

No Yes

If yes, please explain _____

COMPUTER EQUIPMENT

Have you purchased computer equipment since your participation in PREP?

No Yes

If yes, what equipment did you buy?

If yes, was the information you learned from PREP beneficial in helping you choose the appropriate system? No Yes

OTHER COURSE PARTICIPATION

Have you participated in other business training courses offered by other educational institutions or public agencies before or since PREP? (Check all that apply)

No

Yes, before PREP (Please specify) _____

Yes, after PREP (Please specify) _____

If yes, How did these other programs compare to PREP with respect to course quality?

PREP was better

Other course was better (specify course) _____

If yes, How did these other programs compare to PREP with respect to dollar value?

PREP was a better value

Other course was a better value

If respondent indicates that s/he took another business training course(s) ask , Do you have any other comments about differences between the PREP course and other courses you've taken?

GENERAL BUSINESS

I have just a few more questions before we terminate the interview.

At the time that you participated in the PREP program, did you operate a business?

No Yes, Full-time Yes, Part-time (Please specify hours per week _____)

If yes, what type of business? _____

If yes, how many employees did you have? Full-time Part-time

If yes, how large was your office? (in square feet) _____

Currently, do you operate a business?

No Yes, Full-time Yes, Part-time (Please specify hours per week _____)

If yes, what type of business? _____

If yes, how many employees do you have? Full-time Part-time

If yes, how large is your office? (in square feet) _____

In order to comply with Federal funding regulations I'm going to ask you several demographic questions. You have our assurance that this information will be treated with confidentiality.

Gender: (Check One) Female Male

Please tell me which age range your current age falls into :

Less than 25 26-40 Over 40

For the year ending, December 31, 1992, please tell me which range your gross receipts falls into:

Less than \$10,000 \$10,001-\$50,000 \$50,001-\$100,000 Over \$100,000

Which of the following ethnic categories describes you? (Check One)

- Hispanic
- Black
- White
- Native American
- Asian or Pacific Islander
- Other (Please specify) _____

Is there anything else we haven't covered, that you would like to express concerning your experiences with the PREP program? (Use the back of the form to record long responses.)

Thank you very much for your cooperation.